PULP & PAPER

March 1992

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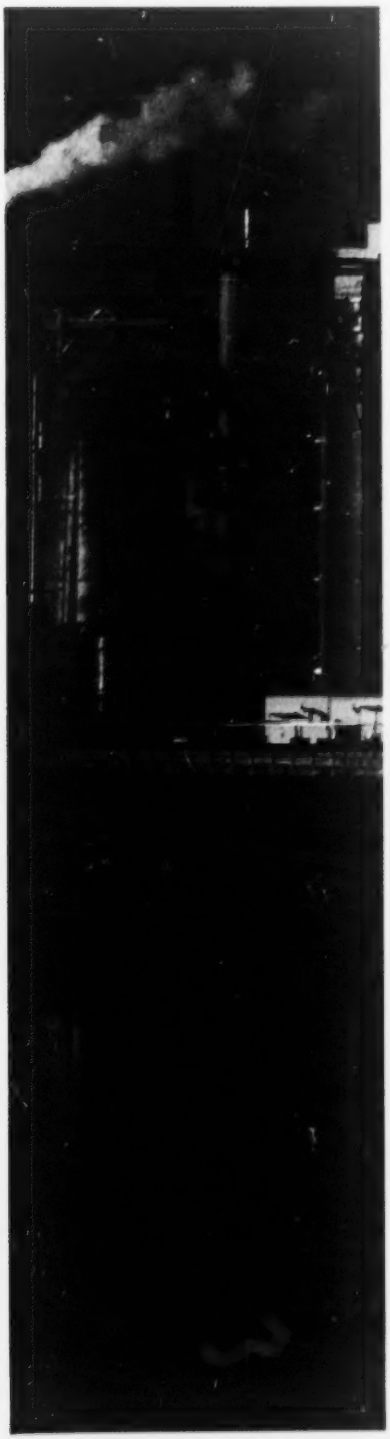

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This issue's cover story is a profile of Parsons & Whittemore's new 1,250-metric-tpd softwood kraft market pulp mill, Alabama Pine Pulp, at the company's three-mill Claiborne, Ala., complex. (Staff photo by Kelly Ferguson.)

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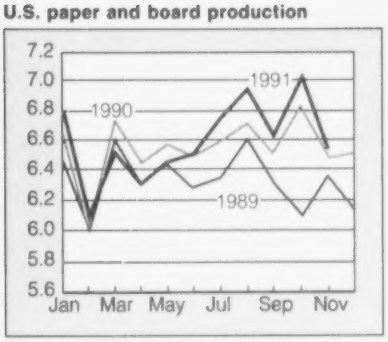
ABP

BPA

U.S. paper and board production



U.S. production of paper and paperboard totaled 6.5 million tons in November 1991, unchanged from the previous year, according to the American Paper Institute (API). The seasonally adjusted rate of production in November fell 1.9% below the ten-month trend. API reported, but continued well above first-half lows. Weakness was concentrated in the paper grades, which dropped 0.8% below the year-earlier pace, while paperboard continued to benefit from strong export business. Preliminary data for December pointed to total production for the year of 79.4 million tpy, a new high.

Among major grades, printing and writing shipments were off 1.3% through November, with uncoated free-sheet showing the only gain. End-use markets have weakened since the third quarter, API reported, particularly for magazine publishers. Containerboard production for export was up 20.5% to a rate of 3.1 million tpy, while boxboard targeted for export posted an 11.7% gain.

Canadian newsprint shipments totaled 686,000 metric tons in November, down 0.3% from a year earlier, while market pulp shipments rose 15.5% to 758,000 tons. Operating rates climbed to 81% at newsprint mills and 90% at pulp plants for the year through November. ■

	Latest month (000 short tons)		% change from year ago	Annualized year-to-date (000 short tons)	% change from year ago
PAPER & PAPERBOARD PRODUCTION [1]					
Newsprint	Nov.	581	3.0	6,827	3.6
Uncoated groundwood (s)	Nov.	143	-5.3	1,784	-1.3
Coated paper (s)	Nov.	587	-8.6	7,346	-3.4
Uncoated free-sheet (s)	Nov.	918	-2.5	11,576	0.4
Other printing/writing	Nov.	120	-7.7	1,482	-5.7
Total packaging and other paper (s)	Nov.	361	-6.7	4,486	-2.6
Tissue	Nov.	458	-4.0	5,678	-2.1
Total paper	**Nov.**	**3,169**	**-3.8**	**39,180**	**-0.8**
Unbleached kraft paperboard	Nov.	1,732	2.1	20,825	2.8
Semichemical medium	Nov.	477	0.0	5,680	-0.2
Bleached paperboard	Nov.	359	6.8	4,561	3.8
Recycled paperboard	Nov.	791	9.4	9,134	1.2
Total paperboard	**Nov.**	**3,358**	**3.8**	**40,201**	**2.1**
Total U.S. paper and paperboard output	**Nov.**	**6,527**	**0.0**	**79,380**	**0.7**
PULP, WASTEPAPER & FIBER [2]					
Total U.S. woodpulp production	Nov.	5,249	2.5	63,718	1.4
Market pulp production	Nov.	749	11.5	8,990	2.2
Wastepaper consumption at paper/board mills	Nov.	1,862	4.7	21,864	3.7
Pulpwood consumption (cords)	Oct.	8,293	-2.6	98,724	-0.9
CONVERTED PRODUCTS STATISTICS [3]					
Corrugated box shipments (billion ft²)	Nov.	25.150	0.6	296.528[6]	0.1
Containerboard inventories at U.S. box plants and mills	Oct. 31	2,480	-2.7		
INTERNATIONAL TRADE [2]					
U.S. paper imports (including products)	Oct.	1,132	-1.5	12,155	-7.5
Imports of Canadian newsprint	Oct.	648	-3.0	7,480[6]	-9.0
U.S. paper exports (including products)	Oct.	716	24.3	8,337	21.5
Exports of unbleached kraft linerboard	Oct.	258	27.1	3,034	14.2
Exports of woodpulp	Oct.	529	20.8	6,380	7.7
Norscan pulp inventories[4]	Nov. 30	1,384	-2.6		
Norscan pulp operating rates[4]	Nov.	90%	88%	75%	88%
CANADIAN STATISTICS [5] *(reported in metric tons)*					
Total newsprint shipments	Nov.	686	-0.3	7,918[6]	-5.0
Operating rates	Nov.	81%	79%	86%	89%
Inventories held by U.S. consumers	Nov. 30	1,248	1.2		
Other paper/board shipments	Nov.	640	1.9	6,895	0.3
Woodpulp shipments (export only)	Nov.	758	15.5	7,765	10.5
Operating rates	Nov.	90%	82%	87%	86%

1. American Paper Institute. 2. API, Bureau of Census, American Pulpwood Assn. 3. Fibre Box Assn., Paperboard Packaging Council. 4. North American/Scandinavian paper-grade market pulp. 5. Canadian Pulp & Paper Assn. 6. Not annualized. (s) = Shipments.

Coated free-sheet: Is 1992 the turnaround year?

Grade structure: Coated free-sheet papers contain less than 10% mechanical pulp with none in superpremium, No. 1, and No. 2 grades, and some or none in Nos. 3 and 4. Coated two-side (C2S) papers make up the bulk of coated free-sheet. C2S papers are used for magazines, catalogs, advertising brochures and inserts, and other commercial printing. Coated one-side (C1S) papers are used for labels, with some used in books, commercial printing, business forms, envelopes, and converted products other than labels. C1S represents about 12% to 13% of total coated free-sheet production. Nos. 1 and 2 generally range in basis weights from 60 lb to 100 lb, and Nos. 3 and 4 from 25 lb to 90 lb. Most coated paper (about 85%) has a glossy surface, the rest a combination of dull, matte, and embossed. Gloss finishes on the Gardner glossmeter are 45 or more for glossy, down to 25 for dull, and 20 or below for matte. Two-thirds of No. 1 is glossy, 25% dull; No. 2, 80% glossy and 16% dull; No. 3, two-thirds glossy, one-third matte, and about 3% dull. Embossed is less than 2% of any grade. No. 1 papers represented about 12% to 13% of U.S. coated free-sheet production in 1990. No. 2 was 19%, No. 3 about 28%, No. 4 about 20%, and No. 5 over 8%.

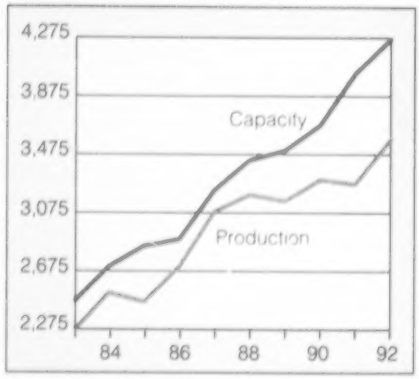
Markets: All end users reduced their demand for coated papers in 1991 because of the recession. Magazines, which used about 9% of coated free-sheet paper for cover and interior pages of upscale publications, reduced their deliveries by double-digit figures. Commercial printers (annual reports, catalogs, other advertising and promotional materials) used roughly 65% of coated free-sheet paper in 1991, book publishers used about 5%, mostly for "coffee table" books, and label converters used about 10%. Less than 1% was used for each of business forms, other converting, and export.

Production/capacity: Large amounts of U.S.-based coated free-sheet capacity has come online in the last few years, causing significant market displacement when placed on top of the recession, which, in turn, caused declines in advertising spending, greatly affecting use of coated papers. Producers added about 355,000 tons in 1991 compared to 1990 (9.7%) and will add 5.9%, or 237,000 tpy, this year, the American Paper Institute said. Most of the tonnage entering the market in 1992 is from machines started up in 1990-91. In addition, Westvaco Corp., has not been using all of its new coating capacity, instead continuing to make more uncoated paper at Wickliffe, Ky., than originally envisioned. The only new capacity to start up in 1992 is a 212,000-tpy machine at Consolidated Papers Inc. in Wisconsin Rapids, Wis. Canadian coated free-sheet producers will raise capacity about 24% this year to 155,000 metric tpy, after an 8.7% increase in 1991, the Canadian Pulp & Paper Assn. reported. However, this total tonnage remains small compared to the U.S. and could drop if Abitibi-Price Inc. closes its Provincial Papers unit in Thunder Bay, Ont.

Outlook: No. 1 growth will be about 12%/year through 1998. No. 2 will increase coated market share to nearly 5%. No. 3 will grow 5.7% annually. Demand for No. 4 free-sheet will increase faster than for No. 4 groundwood. Nos. 1, 2, and 3 grades will experience strong growth. European producers have also entered the market; they currently supply about 8% of total U.S. demand for Nos. 1, 2, and the superpremium grades.

Prices: Historical pricing trends (dollars/short ton, average price for year, except year-end 1991) for coated free-sheet are as follows for 70-lb No. 1 sheets: 1986, $1,350; 1987, $1,410; 1988, $1,509; 1989, $1,614; 1990, $1,610; 1991, $1,540. The following are historical prices for No. 3 rolls: 1986, $945; 1987, $980; 1988, $1,115; 1989, $1,258; 1990, $1,270; 1991, $1,000-1,080. ■

SUPPLY/DEMAND (000 tons)



FORECAST (000 tons)

	1990[1]	1991e	1992e
Production[2]	3,303	3,274	3,579
Capacity[3]	3,676	4,031	4,268
Utilization rate	89.9%	81.2%	83.9%
Imports	276	288	307
Exports	77	85	110
Apparent U.S. consumption	3,502	3,477	3,776
lb/capita	28.02	27.53	29.67
GDP ratio[4]	0.84	0.83	0.90

e=Estimate. 1. Revised. 2. *Pulp & Paper* estimates. 3. API. 4. 000 tons/$billion real GDP (1982).

TOP NORTH AMERICAN PRODUCERS

Company	Annual capacity (000 tons)	Market share (%)
1. Scott Paper[1]	1,100	24.8%
2. Westvaco[2,3]	590	13.3%
3. Champion International	510	11.5%
4. Simpson Paper[1]	450	10.1%
5. Mead	382	8.6%
6. Consolidated Papers[1]	380	8.6%
7. Repap Enterprises	334	7.5%
8. Potlatch	310	7.0%
9. Noranda Forest	170	3.8%
10. Abitibi-Price[4]	100	2.3%
11. Boise Cascade	100	2.3%
12. Stora Papyrus Newton Falls	100	2.3%

North American capacity (1992):
4,439 million tons
Canada:
171,000 short tpy
Capacity share of top five companies:
58.3%
Capacity share of top ten companies:
97.5%

e=Estimate. 1. S.D. Warren Div. 2. *Pulp & Paper* estimates. 3. Some potential coated capacity is unused. 4. Provincial Papers currently has two machines operating.

SALES AND EARNINGS

U.S. industry closes books on difficult year

U.S. forest products companies ended 1991 with another set of dreary bottom-line performances as a *Pulp & Paper Week* survey of 24 pulp and paper manufacturers showed fourth-quarter sales of $20.5 billion, down 2.6% compared with the same period a year earlier. Earnings (excluding major nonrecurring items) came in at $394 million, off 49.2% from year-ago figures and down 23.7% from third-quarter profits. Including nonrecurring items, fourth-quarter net income came in at a deficit of $78 million compared with a profit of $188 million in the same quarter a year earlier.

Soft demand and low pricing continued to be at the root of most of the industry's woes. Looking forward, some producers, particularly in containerboard and wood products, are voicing optimism that better times may lie ahead, while others, especially in newsprint and coated papers, see faint hope for a near-term turnaround.

For the full year, the aggregate of the 24 companies surveyed showed sales down 4.1% and adjusted profits off 53.4% to just under $2 billion. Including all nonrecurring items, earnings fell by 66.9% to $1.2 billion from $3.6 billion.

While industry giants International Paper Co., Georgia-Pacific Corp., and Weyerhaeuser Co. have been enjoying a smart run-up in their share prices, earnings have yet to follow suit. Excluding special items, IP netted about $103 million in the fourth quarter, down 35.6% from fourth-quarter 1990, and 5.5% from third-quarter 1991. For the full year, adjusted profits were off by 38.2%. The company also took special charges to cover previously announced severance costs ($37 million) and adoption of new accounting standard, SFAS 106, relating to postretirement employee medical and life insurance benefits.

Georgia-Pacific reported a fourth-quarter net loss of $50 million compared with the $34-million adjusted profit a year earlier. The fourth quarter 1991 tally excludes a $27-million gain on the sale of Great Northern Paper Inc. to Bowater Inc. and a $44-million after-tax charge related to the accelerated write-down of capitalized debt issue costs. Principally responsible for the poor results was an 81% decline, to $49 million, in operating profits for G-P's pulp and paper businesses due to continued weak pricing for most grades. On the other hand, G-P's building products division performed better than expected in the fourth quarter with operating profits doubling from year-ago levels to $77 million; moreover, prices are reportedly improving as the home construction season approaches.

Dismal pulp and paper earnings overshadowed improved profitability at its wood products business as Weyerhaeuser posted adjusted earnings of $26 million in the fourth quarter. For the full year, profits were off 54% to $182 million. This 1991 earnings figure excludes a $344-million special items net charge.

Whitepaper mills reeling. It was rough going at Boise Cascade Corp. in 1991, with the company posting the

U.S. paper and forest products company sales and earnings.

Company	Full year 1991 ($000) Sales 1991	% change 1991/90	Earnings 1991[1]	% change 1991/90
Boise Cascade Corp.	$ 3,950,490	-5.6%	$ (142,383)	NM
Bowater Inc.	1,288,517	-6.7	45,589	-47.8%
Champion International Corp.	4,786,403	-6.0	14,417	-94.1
Chesapeake Corp.	840,490	-0.1	15,365	-8.2
Consolidated Papers Inc.	871,864	-6.1	91,445	-35.8
Federal Paperboard Co., Inc.[2]	1,435,000	4.4	89,700	-30.6
Georgia-Pacific Corp.	11,524,000	-8.9	(122,000)	NM
International Paper Co.[3]	12,703,000	-2.0	436,000	-38.2
James River Corp.[4]	4,561,726	-15.8	78,291	-66.4
Kimberly-Clark Corp.	6,776,900	5.8	486,300	2.6
Longview Fibre (10/31) Co.	644,000	-8.1	16,643	-72.8
Louisiana-Pacific Corp.	1,702,100	-5.1	55,900	-38.6
Mead Corp.[5]	4,579,300	-4.0	70,800	-56.1
Mosinee Paper Corp.	197,424	-6.2	902	-92.5
Pentain Inc.	1,169,082	-0.6	41,100	24.5
Pope & Talbot Inc.	502,275	-10.7	(2,995)	NM
Potlatch Corp.	1,236,988	-1.3	55,802	-43.4
Scott Paper Co.[6]	4,976,500	-7.1	113,100	-54.4
Sonoco Products Co.	1,667,058	1.7	90,305	-14.1
Union Camp Corp.	2,967,138	4.5	124,790	-45.6
Wausau Paper Mills Co. (8/31)	350,361	3.1	30,475	118.7
Westvaco Corp. (10/31)	2,301,204	-4.5	153,122	-18.7
Weyerhaeuser Paper Co.[7]	8,701,598	-3.6	182,052	-53.8
Willamette Industries Inc.	2,004,501	5.2	45,809	-64.6
Total	**$81,767,919**	**-4.1%**	**$1,972,830**	**-53.4%**

1. Income after taxes from continuing operations, excluding most significant nonrecurring items in both years. 2. **Federal Paperboard** Fourth quarter is a 16-week period. 1990 sales have been restated. 3. **International Paper** 1991 earnings exclude nonrecurring charges totaling $262 million including $37 million booked in the fourth quarter. 1990 earnings exclude $137 million in nonrecurring charges, all booked in the fourth quarter. 4. **James River** Fourth-quarter 1990 was 14 weeks vs the normal 13 weeks in 1991. 1990 earnings exclude $156 million in net nonrecurring charges. 5. **Mead** 1991 earnings exclude nonrecurring and discontinued items netting $63.9 million, including $5.2 million booked int he fourth quarter. 1990 earning exclude $122.9 million in special charges. 6. **Scott Paper** 1991 earnings exclude nonrecurring charges of $183 million, all of which were booked in the fourth quarter. 1990 earnings exclude $100 million in nonrecurring charges. 7. **Weyerhaeuser** 1991 earnings exude nonrecurring charges of $344 million including $283 million booked in the fourth quarter. NM—not meaningful.

industry's largest deficit, excluding special items, at $142 million. During the year, Boise's product lines, heavily oriented to printing/writing papers, newsprint, and market pulp, have been hard hit by weak demand and declining prices. In addition, four of Boise's ten mills are located in the Pacific Northwest and are consequently vulnerable to rising wood costs. Unfavorable exchange rates exacerbated the suffering of two units in Canada. One positive development for Boise has been a surge in profitability for its building products segment due to higher prices for logs, lumber, and plywood. This business should maintain its momentum in 1992, but even so, the company's overall prospects, especially early in the year, are dim.

Despite reportedly significant productivity gains, Champion International Corp., which produces many of the same products as Boise, has been another company in distress. Champion posted a small loss in the fourth quarter, and for the full year, profits, excluding special items, came in at about $14 million, making 1991 the company's least profitable year since it was formed in a merger 25 years ago.

Depressed printing and writing papers profits were at the center of Mead Corp.'s disappointing earnings performance. Excluding an assortment of special items, including write-downs, asset sales (Micromedix), discontinued operations (Mead's reinsurance business), and accounting charges, Mead's profit was $13.4 million, down 13.5%, for the fourth quarter, and $70.8 million, down 56.1%, for the full year. Not all the news was bad, however, as the company's paperboard/packaging and electronic publishing operations experienced healthy increases in profits. The paperboard business was buoyed by expanded production and higher prices for coated natural kraft.

In newsprint, Bowater's bottom line is testament to just how far pricing has fallen. Considered one of the lowest-cost producers in North America, Bowater's newsprint operations reported a $6 million operating loss in the fourth quarter. More serious blood baths are expected among the Canadian producers, but with profits almost as severely crimped at its other operations, Bowater, with the help of an end-of-the-year tax adjustment, barely scraped a profit in 1991.

Kimberly-Clark Corp. continues to benefit from low pulp costs and apparent market share gains driven by aggressive promotion of its "new or improved consumer products." In all, K-C turned in an unexpectedly strong fourth quarter to finish 1991 with a 2.6% full-year profit advance, beating out IP for the title of the paper industry's highest earner. Rival James River Corp., on the other hand, netted $7.8 million in the fourth quarter reflecting "adverse competitive conditions and a recessionary economy." Scott Paper Co. has also been struggling and chose to broaden and accelerate a business improvement program initiated in 1990. Excluding restructuring charges, Scott reported earnings of $25 million, down 48%, for the fourth quarter. ■

MARKET PULP

Weyco's Everett mill succumbs

Weyerhaeuser Co. announced that it will shut down its Everett, Wash., pulp mill permanently, effective Mar. 29, and added that it might close more facilities as part of an ongoing reorganization after taking a $344-million hit at year-end 1991. The company said last October that it would close its Klamath Falls, Ore., lumber mill in mid-1992, and there will "probably be several more" closures, according to Mike Walters, director of external communications. But he declined to identify possible targets.

Everett produces 385 metric tpd of bleached kraft market pulp, primarily fluff, though some paper-grade pulp is also produced. The pulp is used in disposable diapers, feminine sanitary products, backing for sandpaper, and printing and writing paper. Pulp Div. vice president Carl Geist said the Everett mill was a victim of "difficult market conditions, including overcapacity and severe pulp price attrition, escalating raw material costs, and the capital investment required to comply with current environmental regulations." Geist said the mill depends on nonWeyerhaeuser sawmills for three-quarters of its chip supply, making it vulnerable to escalating chip prices resulting from harvesting restrictions to protect the northern spotted owl and other environmental factors. And to get the mill up to current environmental standards would have cost $35 to $40 million over the next three years, he estimated.

Referring to Everett as "a small, outdated mill in a market with substantial overcapacity," Geist said the facility "posted a substantial loss in 1991" (public relations manager Bruce Crabtree marked it at "several million dollars"). Similar losses were projected for the next several years. Weyco said it will give job search support and termination benefits to the 285 employees who will be laid off. ■

Georgia-Pacific paces new price hikes

Market pulp producers were gaining confidence early last month as order books firmed up and inventories apparently continued to decline. With prices rising over the last few months, Georgia-Pacific Corp.'s enthusiasm for the market prompted it to announce further increases. For export markets, G-P said that it will seek a hike of $40/metric ton on northern and southern hardwood, southern pine, and softwood sulfite and $25/ton on fluff, effective Mar. 1. Prices in North American markets will be raised $40/ton on southern pine and southern mixed hardwood pulp and $50/ton on northern hardwood pulp, effective Apr. 1. Rumors abound that other producers will raise some prices, but this could not be confirmed. Some suppliers said they would wait to determine their pricing policy.

The hike in March will bring G-P's exports to $530/ton for southern mixed hardwood, $535 for northern hardwood, $540 for southern pine and softwood sulfite, and $650 for fluff. In April, North American prices for southern pine will rise to $525/ton, southern mixed hardwood to $500, and northern hardwood to $510.

Canadian producers had said they would bump northern bleached softwood kraft (NBSK) up $20 to $540/ton on Feb. 1 in major world markets. They may push the envelope further with another hike as improvements in other grades buoy northern softwood. In Europe, the local currency prices are edging up as well. ■

probably haven't made our position clear," said Rolland president Roger Ashby. "We'll go back until we have made our position clear. We don't take no for an answer."

"We've done our part." The CPU is apparently reticent on the amount of concessions paperworkers are being expected to accept and is already active in negotiating with government and industry officials in solving some of the fundamental problems facing the forest products sector. The 69,000-member CPU is exploring a proposed merger with the Communication & Electrical Workers Union, with 40,000 members, and the Energy & Chemical Workers Union, with 35,000 members across Canada. The unions have set up a committee to examine a possible merger aimed at trimming overhead costs and increasing bargaining and organizing muscle. Strikes could be much more effective in a larger union where members in other industries continued to work and pay dues.

With competitors in Sweden and Finland, that have high labor costs similar to Canada, seeking wage rollbacks, some observers expect not only wage freezes in eastern Canada but an actual wage concession for British Columbia workers in upcoming labor talks.

"It ain't gonna happen," CPU vice president Norm MacLellan told the *Vancouver Sun*. "There will be no wage rollbacks. We took a ten-month extension; in other words, we said for ten months we would keep operating your plants at no added cost. We've done our part."

"The problems in the industry have nothing to do with the high cost of production of pulp," MacLellan continued. "It's more to do with the artificially high Canadian dollar and interest rates which cause all kinds of problems." Observers also blame problems within newsprint markets on the failure of Canadian producers to effectively limit discounts and respond decisively to the problems of overcapacity and recycled-content requirements by U.S. customers.

"If wages were the industry's ills, we'd be stupid not to renegotiate," said CPU spokesman Serge Lord. "But that's obviously not the problem. We have a contract in hand, and we fully intend on making sure it's respected. When the companies were making billions in the '80s, we didn't ask to reopen signed contracts." ■

Bargaining in 1992 may see longer pacts

A trend toward more long-term labor agreements may again become a factor in U.S. paper industry bargaining as new five-year labor contracts were established at International Paper Co.'s Gardiner, Ore., mill, Scott Paper Co.'s Mobile, Ala., mill, and at P.H. Glatfelter Co.'s Ecusta Div. mill in Pisgah Forest, N.C. Meanwhile, Georgia-Pacific Corp. implemented contract conditions with United Paperworkers International Union (UPIU) locals at its Port Edwards and Nekoosa, Wis., mills and had a five-year contract offer rejected at Monticello, Miss., perhaps also indicating some difficult negotiations ahead for the U.S. industry as an economic recession continues to hurt business. G-P also began talks with the Assn. of Western Pulp & Paperworkers (AWPPW) at its Toledo, Ore., linerboard mill, which suffered a strike in 1990.

More than 26,300 workers will be involved in labor contract negotiations in the U.S. paper industry in 1992 as agreements expire at 62 mill locations throughout the country, the American Paper Institute (API) reported. Five-year agreements, which made up 29% of the 73 agreements reached in 1990, made up 19% of the 41 contracts reached as of Nov. 1, 1991, API reported. Approximately 51% of contract settlements reached in 1990 were for four or more years, down from 58% in 1990 but well above the 10% recorded in 1987, API said.

Meanwhile, a steady rate of employment along with a flat trend of paper and paperboard production since 1988 has caused productivity level gains for U.S. paper and allied product workers to decline from a 7.5% increase in output per employee in 1986 to 0.4% in 1989. Although figures for last year are currently not available, API said it projects a 1.7% gain in output per employee hour in 1990 from 1989 but a smaller increase for 1991. These gains are well below the longer-term productivity increases of 3.7% annually from 1947 to 1989. The January 1991 index of output per employee hour was 3.0% above its 1988 level, API reported. Strikes have declined significantly in recent years, from a peak in the last decade of 19 strikes in 1983 to nine in 1987, two in 1990, and three strikes in 1991, records show.

Higher wage increases. Wage increases in the IP, Scott Paper, and Glatfelter contract settlements surpass last year's first-year average increase, with Scott offering an average of about 2.75% each year at Mobile, while Glatfelter offered wage increases of 2.5% in the first year, 2.75% in the second and third, and 3.0% in the fourth and fifth years. IP will hike wages 2.5% at Gardiner every ten months through 1996, the company said. API estimated that first-year wage increases in the U.S. pulp and paper industry averaged 2.2% in 1991, 2.5% in 1990, and 1.2% in 1989.

Average hourly compensation for paper industry production workers rose 2.4% from 1985 to 1989, compared to a 7.6% annual increase seen for the 1979-85 period, statistics from the Bureau of Labor show.

The new contract with more than 1,000 workers at Glatfelter's Ecusta Div. was reached after more than five months of negotiations. UPIU Local 1971 at Pisgah Forest had given Glatfelter a five-day strike notice Jan. 18 before ratifying the company's last offer by 58%. The contract provides for a number of increases in employee benefits consistent with other whitepapers mills in the southern U.S., Glatfelter said.

Scott Paper's agreement, covering 2,435 members of four UPIU locals, was reached five months earlier than the current contract's expiration date. Members of UPIU locals 423, 1421, 1575, and 1873 ratified Scott Paper's contract offer by 86% at the giant tissue, fine papers, and pulp mill. The company increased pensions, lifted wages, and raised the cap on company-paid health insurance. UPIU said an "excellent labor/management cooperation pact" between Scott and the union paved the way for the Mobile agreement.

IP settled with 214 members of Local 101 of the Assn. of Western Pulp & Paper Workers at Gardiner on Jan. 30. The old contract expired in March 1991. "The five year agreement benefits the company and employees alike in terms of stability, security, and the ability to plan for the future over a longer period of time," said Gardiner mill manager Ed Locke.

Bad blood. In the meantime, 1,200 union workers at the Georgia-Pacific mills in Port Edwards and Nekoosa continued to work as the company

implemented the contract conditions with UPIU locals 52 and 59. Workers at the two locations rejected G-P's offer Nov. 8 after working under an expired contract since May 31. UPIU said it filed a complaint against the company, accusing it of unfair labor practices.

At Monticello, Miss., UPIU Locals 371 and 1369 unanimously rejected a five-year contract offer by G-P, which acquired the linerboard mill from St. Regis in 1985. The previous contract expired Oct. 1. A three-year agreement was reached at G-P's Big Island, Va., linerboard mill, increasing wages 2.5% each year.

Contract negotiations began in December between AWPPW Local 13 and Georgia-Pacific at the company's Toledo mill. The current contract expired Jan. 1, 1992, with key issues on the agenda including healthcare cost sharing, work-rule flexibility, and Sunday premium pay, G-P said. The 400 members of Local 13 struck the mill for more than two months in a dispute over contract concessions demanded by the company.

G-P has proposed that the new contract include a provision for employees to share a portion of healthcare costs for dependents while G-P would continue to pay the full premium for employee healthcare insurance. The flexibility proposal would remove limiting work rules of the contract allowing for better application of employees' skills, experience, and knowledge on the job, G-P said. The company added that eliminating Sunday premium pay would help put the Toledo mill on an equal footing with competitors.

"Hard work alone won't do it," said Ed Babin, senior vice president of G-P's Containerboard and Packaging Div. "We have to lower our costs through a number of changes in how we operate." ■

NEWSPRINT

CP Forest to shut mill and idle machines

Canadian Pacific (CP) Forest Products Ltd., hit by "the severe economic conditions prevailing in the pulp and paper industry," said in January that it will close its groundwood specialties mill in Trois-Rivières, Que., and shut down two of the four newsprint machines at Dalhousie, N.B., later this year. CP Forest also said it will take a

Labor bargaining calendar 1992, U.S. pulp, paper, and board mills.

Company, mill	Union	No. of employees	Contract expires
Southern Region			
International Paper Co., Bastrop, LA	U,E	873	1/31
Rock-Tenn Co., Dallas, TX	U	154	1/31
Procter & Gamble Co., Perry, FL	U	749	3/14
International Paper Co., Moss-Point, MS	U,E	859	3/31
Georgia-Pacific Corp., Palatka, FL	U,E,O	1,074	5/31
International Paper Co., Georgetown, SC	U,E,O	678	5/31
Jefferson Smurfit/CCA Corp., Fernandina, FL	U,E,O	460	5/31
Scott Paper Co., Mobile, AL	U,E,O	2,450	5/31
Stone Savannha River Corp., Port Wentworth, GA	U,E,O	321	6/19
Westvaco Corp., Wickliffe, KY	U	349	6/30
Weyerhaeuser Paper Co., Plymouth, NC	U,E,O	1,257	7/31
Georgia-Pacific Corp., Pryor, OK	U	116	8/15
Macon Kraft Co., Macon, GA	U,E,O	386	8/27
Stone Container Corp., Florence, SC	U	461	8/31
Federal Paper Board Co. Inc., Riegelwood, NC	U	1,172	9/8
Kimberly-Clark Corp., Coosa Pines, AL	U	—	9/14
MacMillan Bloedel Inc., Pine Hill, AL	U	396	10/4
Sonoco Products Co., Richmond, VA	U	62	11/30
Westvaco Corp., Covington, VA	U,E	997	11/30
Westvaco Corp., Luke, MD	U,E	1,209	11/30
Weyerhaeuser Paper Co., New Bern, NC	U	396	12/19
New England/Eastern Region			
Simpson Paper Co., Miquon, PA	U	205	2/14
Yorktowne Paper Mills, Inc.,N. Hoosick, NY	U	60	3/1
Hollingsworth & Vose Co., Greenich, NY	U	64	3/1
American Tissue Mills of MA, Inc., Baldwinville, MA	U	58	4/30
James River Corp., Fichburg, MA	U	87	4/30
Madison Paper Industries, Madison, ME	U	224	4/30
James River Corp., Milford, NJ	U,E	322	5/31
Specialty Coatings Group Inc., Hughesville, NJ	U,E	210	5/31
Mohawk Paper Mills Inc., Cohoes, Waterford, NY	U	191	5/31
Jefferson Smurfit Corp., Philadelphia, PA	U,E,O	210	6/19
Scott Paper Co., Westbrook, ME	U,E O	1,259	6/1
Erving Paper Mills, Erving, MA	U	360	7/31
Rising Paper Co., Housatonic, MA	U	134	7/31
PCA Plattsburgh, NY	U	180	8/1
Georgia-Pacific Corp., Plattsburgh, NY	U	395	9/30
Yorktowne Paper Mills, Inc., York, PA	U	83	10/1
Rock-Tenn Co., Stroudsburg, PA	U	79	10/12
Fraser Paper Ltd., Madawaska, ME	U,O	947	11/1
Midwest Region			
Crystal Tissue Co., Middletown, OH	U	120	1/1
Georgia-Pacific Corp., Gary IN	U	52	3/31
James River Corp., Ypsilanti, MI	O	78	4/1
Detroit River Paper, Detroit, MI	U	195	4/30
Georgia-Pacific Corp., Kalamazoo, MI	O	268	4/30
Menominee Paper Co., Inc., Menominee, MI	U	305	4/30
Cincinnati Paperboard Corp., Cincinnati, OH	U	78	6/19
Jefferson Smurfit/CCA Corp., Carthage, IN Circleville, OH, Wabash, IN	U,O	353	6/19
Fletcher Paper Co., Alpena, MI	U	142	6/30
Wisconsin Tissue Mills, Menasha, WI	U	917	6/30
Weyerhaeuser Paper Co., Rothschild, WI	U	385	7/1
P.H. Glatfelter Co., Neenah, WI	U	328	8.1
International Paper Co., Hamilton, OH	U	370	9.28
Pacific Coast Region			
Georgia-Pacific Corp., Toledo, OR	W	405	1/1
ITT Rayonier Inc., Hoquiam, WA	W	216	3/16
James River Corp., Camas, WA	W	1,608	6/1
Ketchikan Pulp Co., Ketchikan, AK	W,E,O	348	6/1
Inland Container Corp., Newark, CA	U	50	7/1
Newark Pacific Paperboard Corp., Los Angeles, CA	U	66	8/10
Simpson Tacoma Kraft Co., Tacoma, WA	U	496	9/1

Legend: U=United Paperworker International Union; W=Assn. of Western Pulp & Paper Workers; E=International Brotherhood of Electrical Workers; O=others. Source: American Paper Institute.